

## Message Text

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ACTION ARA-10

INFO OCT-01 NEA-10 ISO-00 ARAE-00 AID-05 PC-01 OMB-01  
CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05  
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SIL-01 LAB-04 FEAE-00 OES-06 TRSE-00 /105 W  
-----041503Z 066724 /44

P R 032310Z JAN 77

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 3185

INFO AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY MEXICO 2683

AMEMBASSY CARACAS 3352

AMEMBASSY BOGOTA

AMEMBASSY BUENOS AIRES

AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: PINT, PFOR, PE

SUBJECT: END-OF-YEAR PRESIDENTIAL PRESS CONFERENCE

SUMMARY: PRESIDENT MORALES BERMUDEZ HELD AN END-OF-YEAR  
PRESS CONFERENCE DECEMBER 30 WITH PERUVIAN AND FOREIGN  
PRESS. HE MADE NO INITIAL STATEMENT AND RESPONDED  
TO REPORTERS QUESTIONS IN A RELAXED MANNER. SUBJECTS  
COVERED DEALT WITH ELECTIONS AND THE TRANSFER OF POWER  
TO CIVILIANS, AIRCRAFT PURCHASES FROM THE SOVIET UNION,  
THE BOLIVIAN CORRIDOR ISSUE, LABOR AFFAIRS, PRESS FREEDOMS,  
OIL POLICY, GOVERNMENT REORGANIZATION, AND INVITATIONS TO  
VISIT PERU EXMTENDED TO PRESIDENT-ELECT CARTER AND OTHER  
HEADS OF STATE. END SUMMARY.

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1. ELECTIONS AND THE TRANSFER OF POWER - IN RESPONSE  
TO A QUESTION ON THE LONG ANTICIPATED GOP POLITICAL PLAN,  
PRESIDENT MORALES BERMUDEZ ANNOUNCED THAT THE PLAN WOULD  
COME BEFORE THE COUNCIL OF MINISTERS IN JANUARY OR  
FEBRUARY. IN ADDITION TO ECONOMIC, SOCIAL AND POLITICAL  
GUIDELINES, THE PLAN, SAID MORALES BERMUDEZ, WOULD

INCLUDE A PROGRAM FOR EVENTUAL TRANSITION OF THE GOVERNMENT TO CIVILIANS. THE PLAN WOULD ENCOMPASS "PROGRESSIVE PARTICIPATION OF CIVILIANS OVER A PERIOD OF POSSIBLY THREE OR FOUR YEARS IN ORDER TO HAND OVER POWER TO CIVILIANS". THE ARMED FORCES, SAID MORALES BERMUDEZ, CANNOT REMAIN "ETERNALLY IN POWER BUT NEITHER CAN THEY SOON HAND IT OVER AS THIS WOULD BE HARMFUL FOR PERU". THE PRESIDENT COMMENTED THAT THE GOVERNMENT WAS STILL SEARCHING FOR THE APPROPRIATE MEANS OF TRANSFERRING POWER. "WE ARE NOT THINKING OF TRADITIONAL ELECTIONS" FOR THEY HAVE RESULTED IN "IMMORALITY" AND HAVE "DECEIVED" THE PERUVIAN PEOPLE. "WE HAVE TO DISCOVER FORMULAS SO THAT THE TRUE REPRESENTATIVES OF THE PEOPLE ASSUME POLITICAL POWER". MORALES BERMUDEZ PROMISED THAT THE PLOITICAL PLAN WOULD BE "SUBMITTED TO THE COUNTRY AS A DRAFT" FOR FURTHER DISCUSSION.

2. SOVIET AIRCRAFT - MORALES BERMUDEZ PREFACED HIS ANSWER TO A QUESTION ON THE PURCHASE OF SOVIET FIGHTER BOMBERS WITH A DECLARATION THAT HE HOPED "WOULD ECHO NOT ONLY IN THE NATIONAL FUT FUNDAMENTALLY IN THE INTERNATIONAL ENVIRONMENT". "PERU", HE DECLARED, " AT THIS MOMENT HAS NO STRATEGIC PLAN OF AGGRESSION TOWARD ANY COUNTRY". MILITARY PURCHASES ARE FOR "MINIMUM AND INDISPENSABLE NATIONAL SECURITY REQUIREMENTS". MORALES BERMUDEZ WENT ON TO ADMIT THAT "WE HAVE BOUGHT MATERIEL FOR THE AIR FORCE FROM THE SOVIET UNION BECAUSE THE SOVIET UNION OFFERED (IT) WITH ECONOMIC CONDITIONS UNMATCHED BY THE WEST". "THIS DOES NOT MEAN THAT WE ARE UNDER SOVIET LIMITED OFFICIAL USE

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POLITICAL INFLUENCE. IN NO WAY COULD WE ACCEPT A PURCHASE (CONDITIONED ON) SUBORDINATION TO POLITICAL IDEAS". MORALES BERMUDEZ PARRIED A DIRECT QUESTION ON TYPE AND NUMBER OF AIRPLANES BY SAYING THAT HE WAS RESPECTFUL OF AIR FORCE MINISTERIAL RESPONSIBILITY.

3. THE BOLIVIAN CORRIDOR - MORALES BERMUDEZ STATED THAT PERU IS OPEN TO FURTHER DIALOGUE ON THE CORRIDOR IN SPITE OF THE CHILEAN REJECTIONS OF THE GOP PROPOSAL. HE NOTED THAT IN ANY DIPLOMATIC SEARCH FOR A SOLUTION, INTERNATIONAL TREATIES (WHICH PROVIDE IN THIS CASE FOR PERUVIAN VETO OVER DISPOSITION OF FORMER TERRITORY AND OTHER RIGHTS) MUST BE RESPECTED.

4. LABOR PROBLEMS - MORALES BERMUDEZ MADE A DISTINCTION BETWEEN THE WORKERS WITH THEIR "DESIRE FOR PEACE AND WORK" AND UNION LEADERS WHO ATTEMPT TO GAIN POLITICALLY FROM LABOR CONFLICTS. IN REGARD TO ANTICIPATED CHANGES IN THE INDUSTRIAL COMMUNITY CONCEPT AND JOB SECURITY

PROVISIONS OF LABOR LEGISLATION, MORALES BERMUDEZ MERELY SAID THAT "WE MUST MAKE CHANGES" WITHOUT REFERENCE TO TIMING.

5. FREEDOM OF THE PRESS - MORALES BERMUDEZ DECLARED THAT A FUTURE PRESS LAW WOULD HAVE TO PROVIDE FOR THE FREE EXPRESSION OF IDEAS AS LONG AS THEY ARE NOT "DESTRUCTIVE" OR INIMICAL TO NATIONAL GOALS. REFERRING TO THE REOPENING OF CERTAIN PERIODICALS CLOSED JULY 1, 1976, THE PRESIDENT STATED THAT THE INTERIOR MINISTER WAS AUTHORIZED TO REACH "A GENTLEMAN'S AGREEMENT" WITH MAGAZINE DIRECTORS (THE INTERIOR MINISTRY ISSUED A RESOLUTION DECEMBER 31 AUTHORIZING THE REOPENING OF SEVEN PERIODICALS - SEPTTEL).

6. PRESIDENT-ELECT CARTER INVITED TO PERU - MORALES BERMUDEZ STATED THAT THE FOREIGN MINISTRY HAD BEEN LIMITED OFFICIAL USE

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GIVEN INSTRUCTIONS TO INVITE MR. CARTER AT A TIME OF HIS CONVENIENCE. "I BELIEVE IT IS VERY IMPORTANT", MORALES BERMUDEZ WENT ON TO SAY. "WE BELIEVE MR. CARTER COMES TO NORTH AMERICAN POLITICS WITH VERY GOOD INTENTIONS". (FONMIN DE LA PUENTE TOLD THE AMBASSADOR DECEMBER 31 THAT AMBASSADOR GARCIA BEDOYA IS WORKING THROUGH DEPARTMENT OF STATE CHANNELS TO INVITE PRESIDENT-ELECT CARTER. DE LA PUENTE SAID THAT THE TIMING WOULD BE UP TO MR. CARTER, WHO MIGHT WISH TO COORDINATE A VISIT TO PERU WITH VISITS TO OTHER HEMISPHERE COUNTRIES. IN ADDITION TO THE CARTER INVITATION, MORALES BERMUDEZ TOLD THE PRESS THAT PERU HAS INVITED THE PRESIDENTS OF MEXICO, VENEZUELA, COLOMBIA, ARGENTINA, BRAZIL AND THE SHAH OF IRAN ALL OF WHOM HAVE ACCEPTED. AS TO HIS OWN TRAVELS, MORALES BERMUDEZ SAID THAT DURING THE COURSE OF THE NEXT YEAR HE WOULD MAKE SOME VISITS "TOWARD THE SOUTH".

7. SELF-SUFFICIENCY IN OIL - MORALES BERMUDEZ SAID THAT PERU WOULD BE SELF-SUFFICIENT IN OIL BY MID-1977. HE PRAISED THE "PERUVIAN MODEL" CONTRACT WHICH INVITES FOREIGN FIRMS TO EXPLORE FOR OIL UNDER CAREFUL CONDITIONS BECAUSE "PERU DOES NOT HAVE THE RESOURCES FOR IT AND OUR POLICY IS PRAGMATIC AND NOT THEORETICAL". MORALES BERMUDEZ CLAIMED THAT RUMORS OF INCREASED GASOLINE PRICES WERE FALSE BECAUSE THE GOP HAD NOT YET REACHED A DECISION ON PRICING. IN ANY CASE THE PROBLEM WILL DISAPPEAR BY MID-YEAR, AFFIRMED MORLES BERMUDEZ.

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ACTION ARA-10

INFO OCT-01 NEA-10 ISO-00 ARAE-00 AID-05 PC-01 OMB-01  
CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05  
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SIL-01 LAB-04 FEAE-00 OES-06 TRSE-00 /105 W  
-----041503Z 066832 /44

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FM AMEMBASSY LIMA

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INFO AMEMBASSY LA PAZ

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AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY MEXICO 2684

AMEMBASSY CARACAS 3353

AMEMBASSY BOGOTA

AMEMBASSY BUENOS AIRES

AMEMBASSY TEHRAN

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8. MINISTERIAL REORGANIZATION - MORALES BERMUDEZ SAID THAT THE GOP WOULD CREATE A COMMISSION TO STUDY GOVERNMENT REORGANIZATION. HE SAID THAT BY 1978 THE NUMBER OF MINISTRIES MIGHT BE REDUCED. HOWEVER, HE CALLED THE EARLIER ABOLITION OF THE JUSTICE MINISTRY AN ERROR. HE SAID IT WOULD BE REESTABLISHED.

9. COMMENT: ALTHOUGH MORALES BERMUDEZ EXHIBITED AN OPEN AND SINCERE MANNER, HIS ANSWERS WERE OFTEN CIRCUITOUS AND NON-RESPONSIVE. REPORTERS WERE LIMITED TO ONE QUESTION WITHOUT FOLLOW-UP. MORALES BERMUDEZ' REFERENCE TO GOP COMMITMENT ON RETURNING GOVERNMENT TO CIVILIANS WAS VAGUE BOTH ON TIMING AND PROCEDURE. THE GOP STILL APPEARS COMMITTED TO SOME INDIRECT OR CORPORATIST-  
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STYLE ELECTION USING GOVERNMENT-CREATED SOCIAL ORGANIZATIONS. THERE IS NO REASON TO CONCLUDE THAT A NEW PLAN WOULD BE MORE SUCCESSFUL THAN PAST EFFORTS ALONG THOSE

LINES. ON ARMS PURCHASES HE ACKNOWLEDGED A SOVIET PURCHASE BUT REFUSED TO DISCLOSE THE NUMBER OR TYPE. IT MAY BE IMPORTANT TO NOTE THAT MORALES BERMUDEZ QUALIFIED HIS COMMENTS ON STRATEGIC PLANS BY DENYING THE EXISTENCE OF AGGRESSIVE PLANS "AT THIS TIME". HE WAS, HOWEVER, FORCEFUL IN THAT DENIAL.

10. A HIGHLY PUBLICIZED EXCHANGE OF NEW YEAR'S GREETINGS BETWEEN MORLES BERMUDEZ AND THE ECUADOREAN AND CHILEAN CHIEFS OF STATE WAS ANOTHER APPARENT TENSION-REDUCING GESTURE OVER THE NEW YEAR WEEKEND. FONMIN DE LA PUENTE TOLD THE AMBASSADOR THAT SUCH EFFUSIVE EXCHANGES ARE UNUSUAL.

11. THE GOP WILL PROBABLY FACE GROWING PROBLEMS IN THE LABOR AREA (WAGES ARE FROZEN UNTIL JUNE), YET MORALES BERMUDEZ ATTRIBUTED ALL LABOR STRIFE TO POLITICIZED UNION LEADERS, REFUSING TO RECOGNIZE THE REALITY OF RANK AND FILE PRESSURE ON LEADERSHIP. AN APRA UNION LEADER SUBSEQUENTLY TOLD EMBOFF THAT APRA'S REACTION TO MORALES BERMUDEZ' POLITICAL PROPOSAL IS ONE OF DISAPPOINTMENT. DEAN

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